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STATE OF CONNECTICUT  
DEPARTMENT OF REVENUE SERVICES

**SN 2004(6)**

**SPECIAL NOTICE**

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## Changes to the Real Estate Conveyance Taxes

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**Purpose:** This Special Notice describes 2004 legislation affecting the real estate conveyance taxes. There were four changes:

- An exemption from both the state and municipal real estate conveyance tax for relocation companies;
- A clarification of the “mansion tax” rate, which affects only the state real estate conveyance tax;
- A change that maintains the 0.25% municipal real estate conveyance tax rate for deeds conveying an interest in real property on or after July 1, 2004, but before July 1, 2005; **and**
- An indefinite extension of the authority that certain municipalities have to impose an additional municipal real estate conveyance tax.

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**Effective Date:** As indicated below.

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**Statutory Authority:** Conn. Gen. Stat. §12-494(a) and (c), as amended by 2004 Conn. Pub. Acts 216, §51; Conn. Gen. Stat. §12-494(b), as amended by 2004 Conn. Pub. Acts 201, §4; and Conn. Gen. Stat. §12-498(a), as amended by 2004 Conn. Pub. Acts 154, §1.

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### **Certain Transfers by Relocation Companies Exempt From Real Estate Conveyance Tax:**

Conn. Gen. Stat. §12-498(a), which exempts certain transactions from the real estate conveyance tax, was amended to provide a new exemption for certain transfers made by relocation companies. This new provision exempts from state and municipal real estate conveyance taxes any deed conveying residential property where the conveyance occurs not later than six months after the date on which the property was previously conveyed to the transferor as long as the transferor is either:

- An employer that acquired the property from one of its employees under to an employee relocation plan; **or**
- An entity in the business of purchasing and selling residential property of employees who are being relocated under an employee relocation plan.

Effective for transfers made on or after July 1, 2004.

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### **Transfers of Residential Dwellings for Consideration in Excess of \$800,000 (Mansion Tax) Clarified:**

Conn. Gen. Stat. §12-494(a) imposes the real estate conveyance tax **on each deed** at the rate of five-tenths of one per cent (0.5%) of the consideration for the interest conveyed subject to the provisions in subsection (b). Conn. Gen. Stat. §12-494(b)(2) provides that in the case of any conveyance in which the real property conveyed is a residential estate, including a primary dwelling and any auxiliary housing or structures for consideration of \$800,000 or more, the rate of tax imposed under Conn. Gen. Stat. §12-494(a)(1) is:

- One-half of one percent (0.5%) on that portion of consideration up to and including the amount of \$800,000; **and**
- One percent (1%) on that portion of the consideration in excess of \$800,000 dollars.

In order to ensure that its original legislative intent was carried out, the General Assembly amended subsection (b)(2) to make it clear that if there is more than one deed, instrument, or writing used to convey a residential estate, the state real estate conveyance tax is imposed on the **aggregate** consideration, so that, if the aggregate consideration is in excess of \$800,000, the 1% rate applies on that portion of the aggregate consideration that is in excess of \$800,000. Thus, the increase in real estate conveyance tax that is imposed on transfers of any residential estate in excess of \$800,000 applies no matter how many deeds are used to transfer the residential estate.

**Municipal Real Estate Conveyance Tax Rate Remains 0.25%:** Effective May 6, 2004, the municipal real estate conveyance tax rate on deeds conveying an interest in real property on or after July 1, 2004, but before July 1, 2005, is one-fourth of one per cent (0.25%). The municipal real estate conveyance tax rate on deeds conveying an interest in real property on or after July 1, 2005 will be eleven-one hundredths of one per cent (0.11%). (This 0.25% rate was first imposed under 2003 Conn. Pub. Acts 2, §40, which applied to deeds conveying an interest in real property on or after March 15, 2003, but before July 1, 2004.)

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**Authority for Certain Municipalities to Impose Additional Municipal Real Estate Conveyance Tax Rate Extended Indefinitely:** Effective May 6, 2004, any targeted investment community, as defined in Conn. Gen. Stat. §32-222, or any municipality in which properties designated as manufacturing plants under Conn. Gen. Stat. §32-75c are located is authorized to impose an additional municipal real estate conveyance tax on deeds conveying an interest in real property on or after July 1, 2004, at the rate of one-fourth of one per cent (0.25%). (The imposition of an additional municipal real estate tax by a municipality was first authorized by 2003 Conn. Pub. Acts 2, §40, which applied to deeds conveying an interest in real property on or after March 15, 2003, but before July 1, 2004.)

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**Effect on Other Documents:** None affected.

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**Effect of This Document:** A Special Notice announces a new policy or practice in response to changes in State or federal laws or regulations or to judicial decisions. A Special Notice indicates an informal interpretation of Connecticut tax law by DRS.

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**For Further Information:** Call DRS during business hours, Monday through Friday:

- **1-800-382-9463** (in-state), or
- **860-297-5962** (from anywhere)

**TTY, TDD, and Text Telephone users only** may transmit inquiries anytime by calling 860-297-4911.

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**Forms and Publications:** Forms and publications are available anytime by:

- **Internet:** Preview and download forms and publications from the DRS Web site at **[www.ct.gov/DRS](http://www.ct.gov/DRS)**
  - **DRS TAX-FAX:** Call **860-297-5698** from the handset attached to your fax machine and select from the menu. Only forms (not publications) are available through TAX-FAX.
  - **Telephone:** Call **860-297-4753** (from anywhere), or **1-800-382-9463** (in-state) and select **Option 2** from a touch-tone phone.
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  - **For resident income tax returns:** Use *WebFile* to file personal income tax returns over the Internet. Visit the DRS Web site at **[www.ct.gov/DRS](http://www.ct.gov/DRS)** and click on ***File/Register OnLine***.
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